**Statement of Dan Crippen**
**Before the Special Committee on Aging**
**March 10, 2003**

Mr. Chairman, thank you for inviting me to address the committee today.

Mr. Chairman, as you observed last Thursday (and on many previous occasions), we have developed an array of healthcare delivery systems that has resulted in disparate treatments and payments, substantial numbers of people who may not be receiving adequate care, all while spending more than any other nation.

Further, our attempts to fix parts of the system, our "incremental" reforms, well-intentioned as they may have been, have often created at least as many problems as they have solved.

The nature of this problem is so broad, especially given the way we have divided up the "solution," that it is hard to know where to start...or when to stop.

I am reminded of a friend of mine - a tunneling engineer - who after failing his first qualifying exam studied diligently before his second attempt. During the course of the second exam, Jim finished and looked up only to discover he had over an hour left. So he turned his test booklet over and wrote on the back: "These things I also know."

A hearing on health care is often like that, Mr. Chairman. Lest I fall into the dilemma of Jim's examination, I propose today to focus on one thing: KNOW THE NATURE OF THE PROBLEM BEFORE YOU TRY TO FIX IT.

Mr. Chairman, yo may have heard me refer to Moynihan's several laws previously, the first two of which are: 1) if you don't ask the right question, you're unlikely to get the right answer; and 2) before you can solve a problem, you have to be able to measure it - to size it - correctly.

I'll use two examples - two issues that are at the forefront of the healthcare debate - to, I hope, make this point. Since this is the "week of the uninsured" I'll start with an examination of some of what we know, and don't know about the folks in the country without insurance.

Ask almost anyone in this room how many uninsured Americans there are and the answer is very likely to be + or - 40 million. Inquire further whether these 40 million souls are without insurance for extended periods or only temporarily and most will say "extended periods"... chronically uninsured, if I may use the term.

Truth is, the number of chronically uninsured - for this exerciser let's say, at least 12 months without insurance - is substantially lower, perhaps 20 million lower, when you examine other surveys that are likely to produce better results on this issue.

How can that be? Headline after headline, television and print advertising, learned articles – all use the number 40 million...

While there might be forty million on any give day, turns out up to half the 40 million are temporarily between coverage of some kind - between employers, between spousal coverage, between public programs – so much so that the average period of "uninsurance" for the 40 million in the CPS survey is less than 7 months - nearly 40% of the 40 million are uninsured for less than 4 months.

This perspective yields a much different picture, and one that likely suggests different policies. A tax credit, for example, may be unnecessary and ineffective in filling short gaps - a policy along the lines of CORBA coverage might be more suited.

As for those who are without insurance for 12-months or more, we might want to look more closely at them before deciding the right policy. Of these, one-quarter are in families with incomes over 200% of poverty, 20% (likely younger) say they have no need for insurance, and some number, perhaps a substantial number, are eligible for Medicaid but either are unaware they are eligible or don't yet need medical care.

Mr. Chairman, there is an underlying "metaphysical" question here: if you are eligible for Medicaid but haven't used it, are you insured? I strongly believe the answer is YES, because the first time anyone eligible shows up at a hospital, they will be enrolled and the three-months prior expenditures reimbursed as well. To say otherwise is akin to saying that anyone who is privately insured should be counted as uninsured until they make a claim!

Similarly, there are many veterans who rely on VA for health care and do not buy insurance - are they really uninsured?

Let me hasten to add at this point I am not trying to downplay the important problem of making sure our citizens get healthcare. Even if there are only 15-20 million chronically uninsured in this country, that is a potentially big problem deserving the attention of the government. What I am saying is that until the nature of the problem is clear, the solutions we devise may be ineffective and unnecessarily costly.

With your indulgence, Mr. Chairman, I want to quickly turn to another issue before the Congress and the country - providing pharmaceutical benefits for Medicare beneficiaries. The debate thus far is largely predicated on the "need" to provide prescription medicines to the elderly.

Truth is, Mr. Chairman, 3/4 of the elderly already have insurance of one kind or another that covers some drug spending - may not be enough, may be with hardship or deprivation - but again it is not that we h ave 40 million seniors without drug coverage.

These 30 million beneficiaries with insurance fill an average of 32 prescriptions a year at an average cost of $45 per script. Importantly, the quarter of the Medicare population that has no insurance for pharmaceuticals fills 25 prescriptions a year at an average cost of $37. It may well be that this gap of 7 prescriptions a year is critical, but the perfectly targeted policy for insuring access would entail these 7 scripts for the 25% of the population at a cost of around $3 billion.

The issue is not access. What is really at issue - and we are not debating it on these terms - but

what is really at issue is the financing of pharmaceutical benefits. Drugs are being supplied now; the question is who should pay. There may be very good and compelling reasons to change the financing from what exists today to place it in the federal budget and on current workers - but that reason is not access.

Everyone at this table and many in this room have spoken eloquently, certainly more eloquently than I am able, about the need for Medicare reform and the desirability of adding drugs to the benefit. Mr. Chairman, until we are clear-eyed about the nature of the problem, until we understand better than we do today the current system, hodge-podge and inefficient as it is – until we understand what kind and quality of health care we are buying in programs like Medicare - then it is very hard to see how we might productively reform them. If we don't take the time to ask the right questions, we aren't likely to get the right answer.